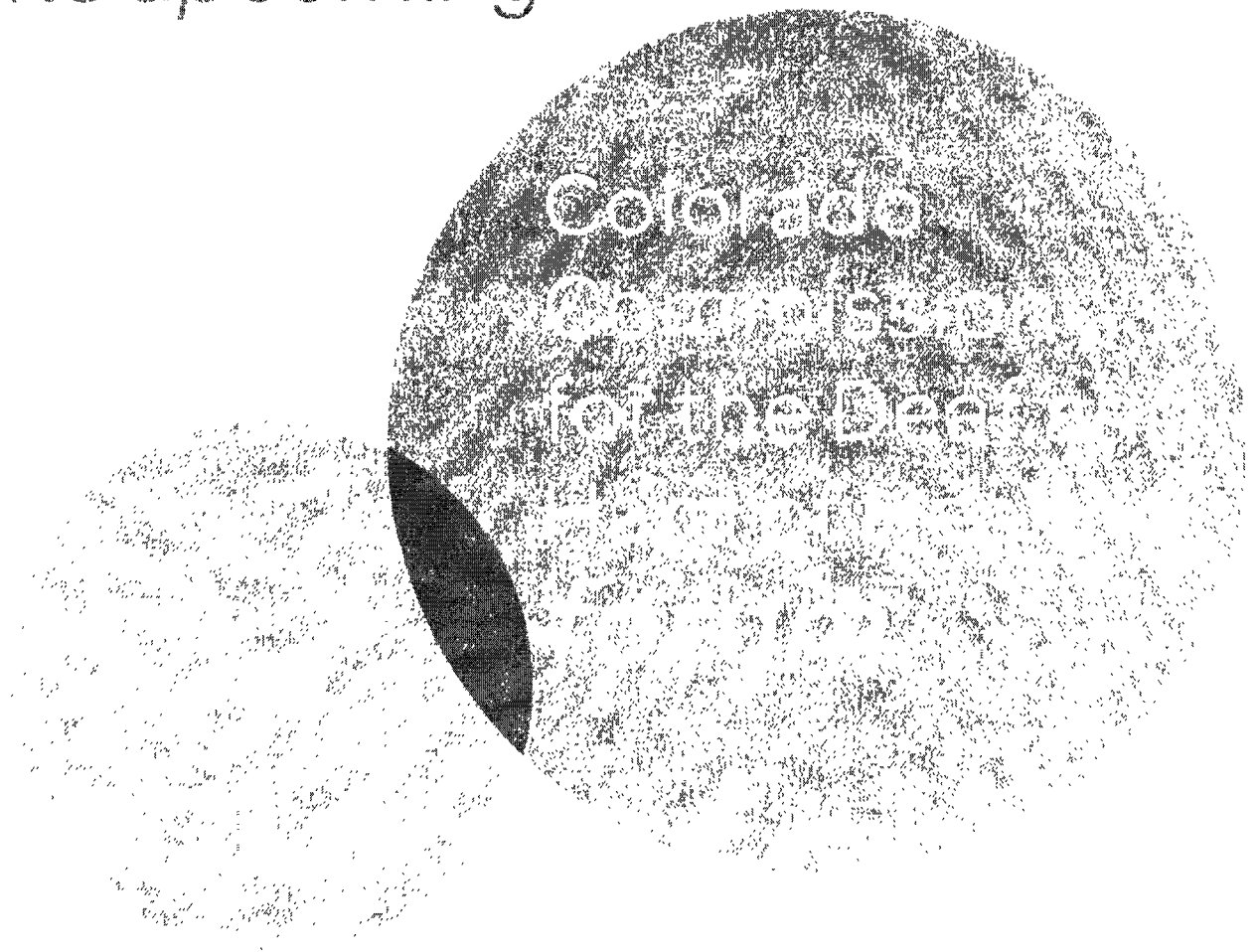


AT&T Relay Colorado

*...is excited to be a guest
at the upcoming*



Colorado Winter Games for the Disabled is a national event that will be held in Colorado Springs, Colorado, from January 10-15, 1988. The event will feature a variety of winter sports, including alpine skiing, cross-country skiing, and ice skating.

The event is open to all disabled athletes, regardless of age or level of ability. It is a great opportunity for disabled athletes to compete at a high level and to enjoy the winter sports they love.

...look forward to meeting you.

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B.12

COLORADO PUBLIC UTILITIES COMMISSION
CONNECTIONS

JANUARY 2011 EDITION:
"SURCHARGE FOR RELAY SERVICES INCREASED"

Connections

NEWSLETTER OF THE COLORADO PUBLIC UTILITIES COMMISSION

STARTING POINT



Bu Doug Dean
Director

Through its ambitious renewable energy standard and its economy-shaping incentives to wind and solar industries, Colorado has been a focal point in the national effort to develop cleaner, more sustainable ways of

generating electricity.

In addition, the PUC's recent decisions on Xcel Energy and Black Hills plans to retire aging coal plants and replace them with natural gas-fired generation in advance of looming Environmental Protection Agency regulations on nitrogen oxide and other emissions further cast a spotlight on our state. Legislative and energy policy leaders from around the nation have been closely watching the Colorado process as a possible model for similar efforts.

The focus will continue to be on Colorado in 2011 when public utility commissioners from throughout the western U.S. gather in Denver later this year. The Colorado PUC will host the 2011 Western Conference of Public Service Commissioners (WCPSC) June 12-15 at the Brown Palace Hotel. As many as 300 participants are expected to attend, including PUC commissioners and staff, utility officials and industry representatives.

The WCPSC is one of five regional affiliates of the National Association of Regulatory Utility Commissioners (NARUC). The Western Conference is comprised of utility commissioners from Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming, and Guam.

The WCPSC meets annually for education, training and information-sharing among utility regulators from the West. The theme for this year's conference is "The Mile High Experience—Tradition and Transformation."

Speakers and panels for this year's conference are still being identified and developed, but will feature current issues and challenges facing regulators in the areas of electricity, natural gas, telecommunications and water. Sessions are expected to focus on regulatory, industry and consumer perspectives.

Registration for the conference is expected to begin around March 1, and sponsorship opportunities are available. As agendas and activities are finalized, they will be posted on the PUC website (www.puc.state.co.us) under the 2011 Western Conference of Public Service Commissioners banner.

Colorado last hosted the WCPSC conference in 1999 in Vail. Proceeds from the conference are used to support the activities of the WCPSC committees throughout the year.

PUC approves plans to cut emissions

*Meets December 15
deadline under Clean
Air, Clean Jobs law*

The Colorado Public Utilities Commission (PUC) issued written orders December 15 approving emissions reduction plans for Xcel Energy and Black Hills Corporation as required under the state's Clean Air-Clean Jobs Act passed earlier this year.

The PUC written rulings met a four-month compressed process required under the law to review the utilities' proposed plans to meet the current and reasonably foreseeable requirements of the federal Clean Air Act, including a 70-80 percent reduction in nitrogen oxide levels by 2017. The companies filed their initial plans on August 13.

In its orders, the PUC cited numerous positive benefits to the approved plans, including greater net economic development, air quality and public health improvements, and modernization of the state's electric system.

"The state of Colorado and its electric consumers are much better off because our actions in approving these plans," PUC Chairman **Ron Binz** said. "With these decisions, we have taken bold steps to reduce air pollution from power plants in a way that will be less expensive to consumers than any other course. This is vastly preferable to waiting for the Environmental



The W.N. Clark electric generating station in Canon City, owned by Black Hills, will be retired under an emissions reduction plan approved by the Public Utilities Commission. (Photo courtesy of Black Hills.)

Protection Agency to impose a plan for cleaning up power plant emissions."

The PUC approved a plan for Xcel Energy to retire 550 megawatts of coal generation by closing three units at its Cherokee plant in Denver, one unit at the Arapahoe plant in Denver, and the Vahmont plant in Boulder by the end of 2017. A new natural-gas fired unit will be built at the Cherokee site to replace the retired plants. The PUC also approved converting another coal-fired unit at Arapahoe to natural gas genera-

tion, and a fourth unit at Cherokee to natural gas. The PUC will explore other possible options for Cherokee 4 in Xcel Energy's next electric resource plan, which will be filed in 2011.

The PUC also approved the installation of additional emission control technology at Xcel Energy's Pawnee and Hayden power plants.

The \$1.4 billion plan is expected to add about 2.5 percent to electric rates by 2020.

(Continued on page 3)

Judge finds need for SLV power line

A Public Utilities Commission (PUC) administrative law judge has recommended conditional approval of a proposal by Tri-State Generation and Transmission and Xcel Energy to jointly construct new electric transmission facilities in southern Colorado.

The judge, in a decision issued on November 19, ruled that the applicants had demonstrated a "present or future need" for construction of the project and that existing facilities are not reasonably adequate. The proposed, 150-mile San Luis Valley-Calumet-Comanche Transmission project is intended to improve system reliability in the San Luis Valley and facilitate the delivery of renewable resource generation in southern Colorado to the Denver metro load center.

The record establishes that the applicants have met their burden of proof to establish that the project meets applicants' reliability and export needs and purposes," the ALJ wrote.

As a condition of approval, the judge required that at least 700 megawatts (MW) of generation must be interconnected with the project within 10 years from the date the line is placed in service. The generation may be located anywhere in the Energy Resource Zones (ERZ) 4-5 but it is not required to be renewable resource generation, and the generation may be owned by any entity.

If the condition of 700 MW of interconnection is not met, Xcel Energy would be required to retire 50 percent

of the money it has collected from its ratepayers to fund the project.

Utilities are required by law to seek PUC authority to build and own certain major electric infrastructure projects in Colorado. The PUC determines whether there is a need for the project, and whether the application is in the public interest. The PUC does not determine the route of the line.

In addition to the finding of need, the ALJ ruled that the applicants had met their burden of proof with respect to the reasonableness of noise and electromagnetic field levels that are projected to occur when the project is in service. The ALJ also attached several reporting and technical study requirements as conditions of approval.

The proposed project involves

construction of three new high-voltage transmission line segments that would connect electrical substations from north of Alamosa to Pueblo. The project also includes a new substation to be built near Walsenburg.

The project is currently estimated to cost approximately \$180 million and is expected to be in service by spring of 2015. Tri-State and Xcel Energy would share costs and capacity ownership rights for the individual transmission segments based on an agreement still to be negotiated.

Exceptions to the judge's recommended decision were due on December 16, and replies to exceptions are due by January 10. The PUC will schedule deliberations on any exceptions at a later weekly meeting.

PUC chairman's term expires Jan. 10

The term of Public Utilities Commission (PUC) chairman **Ron Binz** expires on January 10, 2011, with a replacement to be named by governor-elect John Hickenlooper.

The PUC consists of three commissioners appointed by the governor and confirmed by the Colorado Senate. The commissioners serve four-year, staggered terms and no more than two appointees may be from the same political party.

Binz's term is the first of the three

current commissioners to expire since Hickenlooper's election in November. Commissioner **Matt Baker's** term expires in January of 2012, and the term of Commissioner **Jim Tarpey** expires the following year.

As of December 30, there had been no word on whether Binz would be reappointed, or whether a replacement would be named. The PUC regulates intrastate telecommunications services, investor-owned electric, gas and water utilities, and for-hire motor carrier utilities.

PUC reviewing RTD's plans for 'quiet' crossings

*Quiet safety concerns
with in-bells, horns
may light rail mode*

The Colorado Public Utilities Commission (PUC) will review plans by the Regional Transportation District (RTD) to establish "quiet" crossings along its new West Corridor light rail route.

RTD last fall submitted applications for authority to construct 11 at-grade crossings along its West Corridor route in Lakewood and Denver. RTD is requesting that it be allowed to operate these 11 crossings without auditory warning sounds from the train or the crossing signal. City officials and residents of the neighborhoods along the West Corridor have expressed support for the "quiet" operation of the crossings to lessen the negative impact to their quality of life.

However, PUC staff has raised safety concerns about not having bells, horns or gongs from the trains and no bells at the crossings. A major concern, according to

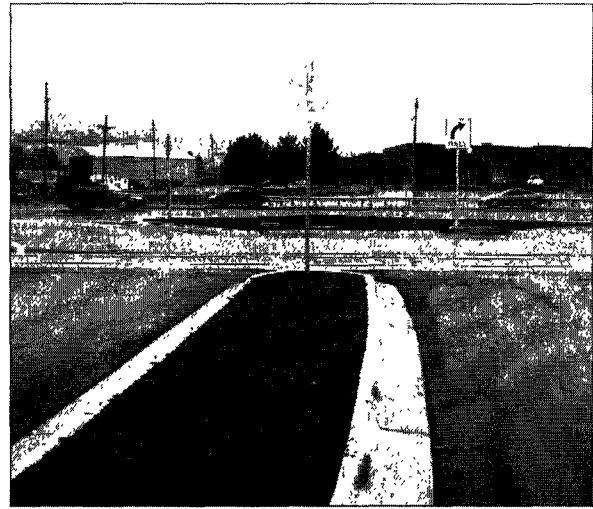
Pam Fischhaber, head of the PUC's Rail/Transit Safety section, involves pedestrians.

"Sometimes, pedestrians do not pay attention because they are talking with someone, or they have headphones in their ears reducing the sounds they hear around them," Fischhaber said.

The PUC, which holds primary jurisdiction over all public highway-rail crossings in Colorado—including opening, closing, upgrading, overpasses, and underpasses, along with the allocation of costs—in December granted RTD authority to construct the light rail tracks through the crossings. But it referred the quiet crossing issue to an administrative law judge for hearing.

The judge also will examine the proposed timing operations of the four-quadrant gates at the crossings and the impact of the gates on the streets running adjacent and parallel to the crossings.

The West Corridor crossings are the first of what are expected to be more than 150 crossing applications that will be filed with the PUC as RTD builds out its light-rail system throughout the Denver metro area over the next decade.



Light rail crossings along RTD's West Corridor would operate without audible warnings under a plan being reviewed by the Public Utilities Commission.

Qwest-CenturyLink clear Colorado hurdle in merger

The Colorado Public Utilities Commission (PUC) on December 15 approved CenturyLink's proposed acquisition of Qwest Communications International, and accepted several settlements that will provide service quality and rate protections to retail and wholesale customers.

The PUC concluded the proposed \$10.6 billion stock-swap transferring Qwest's local and long-distance subsidiaries to CenturyLink was "in conformity to the public interest." Colorado is one of numerous state and federal regulatory approvals required.

In accepting the merger, the PUC approved a settlement between the applicants and PUC staff that calls for the combined companies to invest no less than \$70 million in broadband infrastructure in Colorado over a five-year period. Also, the agreement calls for all merger-related costs to be excluded from customer rates, and for the merged company to provide additional service quality reports on a monthly basis.

The PUC also approved a settlement agreement between the joint applicants and competitive local exchange companies to exclude all merger-related costs

from wholesale rates, maintain all existing wholesale performance requirements, and use Qwest wholesale operational support systems until at least July 1 of 2013.

Other agreements between the joint applicants and the Department of Defense, Communications Workers of America, and 360 networks also were approved or acknowledged.

In a 2-1 vote, the PUC also asked the merged company for a commitment to maintain the historical level of Qwest's corporate and charitable contributions in Colorado for a period of three years.

Together, CenturyLink and Qwest

served local markets in 37 states with approximately 5 million broadband customers, 17 million local access lines, 1.4 million video subscribers and 850,000 wireless customers. The companies overlap in 10 states, including Colorado.

Qwest, which acquired US West in 2000, is the largest local phone provider in Colorado. CenturyLink, which acquired PTI Communications in 1997, is the second-largest provider, serving primarily rural exchanges. Most of the territory currently served by CenturyLink was obtained when US West sold 45 exchanges in Colorado to PTI in 1994.

Phone surcharge starts 2011 unchanged, may need to go up

A surcharge to help keep basic local telephone service affordable for all Coloradans will remain at 2.2 percent for the first quarter of 2011, but may need to be increased later in the year, according to an annual review of the program.

The Colorado High Cost Support Mechanism provides money to reimburse telecommunications providers that serve areas with higher than average costs. This allows basic local phone rates to remain reasonably comparable across the state.

The surcharge has been at 2.2 percent

since July of 2008 and is reviewed quarterly. Depending on future needs, the surcharge may need to be increased to 2.9 percent after the first quarter of 2011, according to the program's annual budget approved by the Public Utilities Commission (PUC).

In its annual report to the legislature, PUC staff estimates that statewide high cost support and administrative expenses for 2011 will be \$61.7 million. Of that amount, Qwest is expected to receive \$56.2 million, with the rest going to rural

independent and wireless carriers.

Most Colorado telecommunications customers pay the surcharge, which is assessed as a percentage of a customer's in-state monthly telecommunications charges for local, wireless, paging, in-state long distance and optional services.

The PUC reviews the fund on a quarterly basis and reports to the legislature each December 1 on the previous year's contributions and disbursements, along with projections for the coming year. A number of factors could impact the

surcharge in 2011, including additional wireline and wireless carriers seeking support in 2011, and the outcome of proposed state and federal rulemakings and legislation.

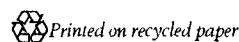
After considering the impact of various factors and assumptions on the 2011 budget, the PUC found that contributions in addition to the reserve balance will sufficiently cover disbursements for the first quarter of 2011, but the surcharge may need to be increased to 2.9 percent during subsequent quarters.



CONNECTIONS is the newsletter of the Colorado Public Utilities Commission. It covers Commission cases and actions of importance to consumers, utilities, consumer groups, and decision makers.

Comments, suggestions, and requests for more information should be directed to

Terry Bote
1560 Broadway, Suite 250
Denver, Colorado 80202



Emission plans

(Continued from page 1)

"We're confident that the 2.5 percent impact of this plan would be higher if we wait for the EPA to impose an emissions reduction plan," Binz said.

Although there was contradictory evidence on the impact of the proposed plan on the coal mining industry, the Commission directed its staff to work with other local and state agencies to develop a contingency proposal for funding the retraining of coal mine workers if the emissions reduction plan results in layoffs in the mining industry.

For Black Hills, the PUC approved retiring the company's two coal generation units in Canon City and replacing them with a new gas-fired unit in Pueblo. Black Hills customers are expected to see an increase of about 5 percent in rates once the plan is fully implemented.

Qwest basic rate bumped up

The maximum rate of Qwest Communications' stand-alone basic residential service increased to \$17.00 a month on October 1, completing a two-step process approved by the Colorado Public Utilities Commission in 2009.

The rate rose from \$16.52, which was the ceiling established by the PUC in July 2009 after Qwest asked to lift the \$11.88 rate cap that had been in place since 1995. A 2008 law removed the statutory rate cap and gave the PUC the authority to determine the maximum basic and residential rate based on each provider's costs and revenues; the average national price for comparable service, and flexible pricing options.

In 2009, the Commission rejected Qwest's proposal to establish the ceiling at \$16.24, instead opting for the \$16.52 rate, based on the 11 percent increase in national average prices since the implementation of the 14-year rate cap.

However, the PUC also authorized Qwest to come back in a year to raise both the residential cap and its basic service rate to \$17.

On September 2, Qwest made its filing to increase the rate consistent with the Commission's previous decision.

In addition to the stand-alone basic residential rate, rates for both basic measured service and basic message service increased on October 1, up from \$10.52 to \$10.83 per month. Under measured service, customers pay a lower flat monthly rate and then a per-minute charge for each local call. Under message service, customers pay a lower flat monthly charge and can make up to 30 free local calls each month, paying a per-call charge for any calls over 30.

Customers who purchase Qwest residential service as part of a "bundle" on a package with several features, are not affected by the changes.



B.13

**COLORADO PUBLIC UTILITIES COMMISSION
*CONNECTIONS***

**MAY 2012 EDITION:
*"ATT CHOSEN AS NEW VENDOR FOR RELAY COLORADO"***

Connections

NEWSLETTER OF THE COLORADO PUBLIC UTILITIES COMMISSION

MAY 2012

STARTING POINT



Doug Dean
Director

The Colorado Supreme Court has sided with the Public Utilities Commission (PUC) in a dispute over setting maximum rates for residential basic telephone service, ending a three-year court battle.

The state's highest court on April 30 reversed a district court judgment that had set aside the PUC's 2009 decision in a case involving a rate cap for Qwest Communications. The Supreme Court, in a 5-0 decision, concluded that the PUC considered all of the statutorily-mandated factors in setting the rates, and that the PUC's decision was supported by substantial evidence.

The case involved an application by Qwest (now CenturyLink) seeking to raise basic residential rates that had been frozen at \$14.88 by the Colorado legislature in 1995. A law passed in 2008 lifted the statutory rate cap and gave the PUC the authority to determine the maximum basic residential rate based on each provider's costs and revenues, the average national price for comparable service, and flexible-pricing options.

In its decision, the PUC established a maximum rate of \$16.52 a month for one year, and a ceiling of \$17 per month thereafter, based on an analysis of cost changes and national price trends. The Colorado Office of Consumer Counsel sought review of the PUC's decision in district court.

The Supreme Court disagreed with the lower court's findings that the PUC failed to provide specific factual findings on the evidence in connection with two of the three statutorily-mandated factors.

The high court made two specific findings worth noting. First, it adopted the PUC position of viewing the phased-in rates as a single, 14-percent increase with a lower first-year rate to prevent rate shock, and that such a result was consistent with the statutory directives of maintaining affordable rates. Second, the court specifically held that the PUC properly applied the statutory directive to consider the change in nationwide average prices and upheld the PUC's approach of multiplying the then existing rate by a percentage increase.

"We conclude that the PUC regularly pursued its authority in setting the maximum rate for basic local telephone services because it considered all of the statutorily-mandated factors and substantial evidence supports its decision," the court wrote.

PUC approves multi-year Xcel plan

Rate agreement offers savings, predictability over three-year period

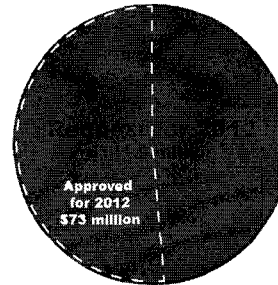
The Colorado Public Utilities Commission (PUC) has approved a three-year electric rate agreement for Xcel Energy that will provide significant rate savings to customers as well as rate predictability over the length of the agreement.

The PUC on April 26 unanimously approved without modification a settlement granting Xcel a \$114 million increase in electric base rates spread over a three-year period. The settlement was supported by Xcel, PUC staff, the Office of Consumer Counsel, a number of medium and large electric customers, and trade groups.

"The settlement provides all Coloradans with reasonable rate increases for vital services and provides stability and predictability for the next three years, which is important to businesses and consumers," PUC Chairman Joshua Epel said. "When compared to the magnitude of rate increase that could have occurred, it is a significant savings."

Residential customers will see increases on average of \$2.34 per month in 2012, \$1.29 per month in 2013, and \$0.73 per month in 2014, for a total

Multi-Year Electric Rate Agreement

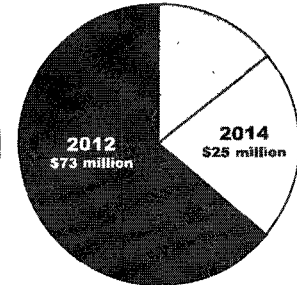


of \$4.56 per month, or 6.8 percent, over the three-year period.

Commercial customers will see increases of \$3.70, \$1.94 and \$1.21 to their average monthly bills in 2012, 2013 and 2014, respectively. Over the three years this will be an increase of \$6.85, or 6.1 percent. Industrial and Transmission customers will see comparable percentage increases as well.

The settlement reflects a rate increase in 2012 that is approximately 50 percent less (\$70 million) than the company's initial request. The new rates for 2012 were effective May 1.

The settlement lowers Xcel's allowable return on equity to 10.0 percent (from 10.5 percent), and lowers its overall return on



rate base to just over 8 percent.

An additional benefit for ratepayers under the settlement is Xcel's proposal to alter the manner in which it accounts for investments under the Clean Air Clean Jobs Act. During the effective period of the settlement, Xcel will forego the ability to recover return on its construction work in progress, using an alternative mechanism known as Allowance for Funds Used During Construction. While this will increase the level of the rate base recovery of those costs will be spread over the useful lives of the investment. When these amounts are appropriately discounted for the time value of money, ratepayers will benefit from this proposal.

PUC to review Xcel/Boulder dispute in June

The Public Utilities Commission (PUC) has scheduled a pre-hearing conference for June 27 to discuss Xcel Energy's application to place restrictions on participation by City of Boulder customers in the company's renewable energy, energy efficiency and voluntary green energy programs.

The PUC said in an order issued in April that the primary purpose of the pre-hearing conference "will be to determine whether it is appropriate to continue this docket, and if so, to adopt a procedural schedule."

Xcel Energy in February filed an application seeking PUC approval of several proposed changes to its Solar Rewards, demand-side management, solar garden and Windsource

programs offered to customers in Boulder. The company stated that Boulder's preliminary actions taken in exploring possible municipalization of its electric system provide a reasonable basis for Xcel to differentiate Boulder customers participating in those programs.

Xcel argues in its application that if Boulder creates a municipal utility, the city rather than Xcel will be the long-term beneficiary of the investments made through these programs. Xcel said it wants to protect itself and its customers from the potential loss of such benefits and the potential burdens on other customers in the event that Boulder opts to depart from the company's system.

In its April order, the PUC requested that parties file comments addressing the PUC's jurisdiction and the timing of the company's requested relief, as well as a list of the key policy and legal issues raised by the application. The Commission also directed Boulder to provide information regarding its municipalization efforts, including when and how it expects to establish a municipal electric utility.

Initial comments were due by May 18, with reply comments due by June 15. The Commission intends to review comments submitted by the parties prior to convening the pre-hearing conference on June 27, and to determine the appropriate next steps at that time.

Commissioner takes Hewlett Foundation post

Commissioner Matt Baker left the Colorado PUC on May 11 to join the William and Flora Hewlett Foundation in California.

The San Francisco-based Hewlett Foundation has been providing social and environmental grants around the world since 1967. In his new job as an Environment Program Officer, Baker will help develop and implement grantmaking strategies for climate and energy. He will also collaborate with environmental leaders and others in the public and private sectors to achieve the Foundation's goals for reducing greenhouse gases and advancing clean energy.

Baker's PUC term expired in January

of this year, and he was awaiting reappointment when the opportunity arose to join the Hewlett Foundation.

"Matt Baker served Colorado well and we are sorry to see him go," Colorado Gov. John Hickenlooper said. "He was a tireless champion of clean energy and affordable electricity as commissioner of the Public Utilities Commission."

Baker was appointed to the PUC in January of 2008. Prior to his PUC appointment, Baker served as executive director of Environment Colorado.

PUC Commissioners are appointed by the governor and serve four-year, staggered terms. No more than two appointees may be from the same political

party. Appointments must be confirmed by the Colorado Senate.

An announcement on Baker's replacement is expected by the end of May.

In April of 2011, Gov. Hickenlooper appointed Joshua Epel as chairman of the PUC. Epel's term expires in January of 2013. The term of Commissioner Jim Tarpey, who was appointed to a vacancy in 2008 and reappointed for a full four-year term in 2009, expires in January of 2013.

The PUC regulates rates and services of investor-owned electric, gas and water utilities, intra-state telecommunications providers, and for-hire motor carriers in Colorado.

Transportation rule changes add consumer protections

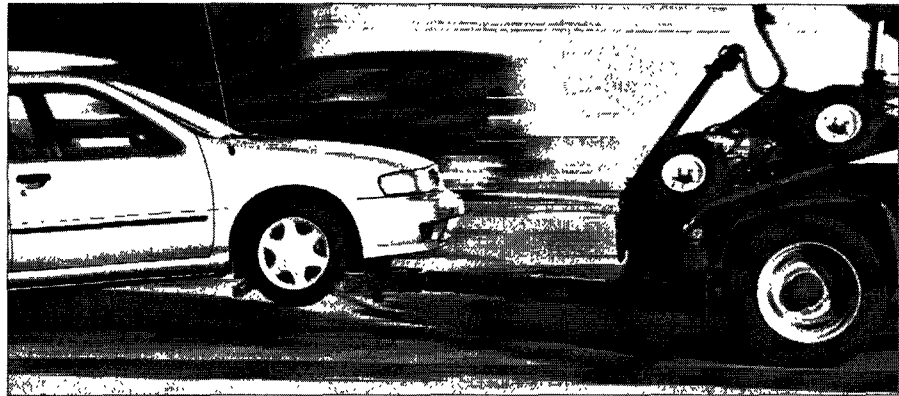
Mileage limits, credit card options set for non-consensual tows

A PUC Administrative law judge has issued a recommended decision adopting proposed changes to transportation rules that provide additional consumer protections and public safety enhancements.

The recommended decision was issued April 6 after several rounds of comment and hearing. A final decision on the rules is expected later this spring, after the PUC takes up exceptions to the judge's recommendations.

The judge adopted several changes to the non-consensual towing rules, including a requirement that towing carriers accept at a minimum Visa and MasterCard for payment of services. Currently, PUC rules state that a towing operator must accept at least one credit card as payment, but does not specify any particular card.

The judge also recommended increasing the hook up charge for non-consensual tows from \$154 to \$160, but imposed restrictions to mileage fees that can be tacked on by towing carriers. The recommended rules impose a maximum mileage limit of 12 miles for Front Range tows and 16.5 miles for non-Front Range tows and established a maximum per mile charge. Currently



A PUC administrative law judge has recommended changes to the nonconsensual towing rules, along with other transportation rules that will add consumer protections and safety enhancements.

there are no mileage restrictions in the rules.

The judge also eliminated additional fees that may be charged for non-consensual tows in "hauntland areas."

The recommended rules also require household goods movers to provide a written estimate of total costs and limit actual charges to no more than 10 percent above the written estimate. If a household goods mover accepts credit cards as payment, then it must accept at a minimum, MasterCard and Visa.

Other recommendations adopted by the judge include:

- Increased fines for some rule viola-

tions by regulated passenger carriers, including failure to follow rules on record keeping, violations of driver on-duty hours, and failure to follow PUC safety rules on driver substance abuse testing and enforcement.

- Explicitly expanding the definition of "passenger" to include assistance animals, ensuring that people with disabilities will have full access to transportation services.
- Clarifying those vehicles that qualify as luxury limousines.
- Establishing additional service requirements for taxis in counties with higher population densities,

such as mandatory 24-hour operation, digital dispatch systems and newer vehicles.

- Establishing a civil penalty for violations of taxi rules concerning refusal of service and driver courtesy.
- Clarified the hours of service rules.
- Added the definition of "shuttle service" to be used in place of call-and-demand limo service to help distinguish the service from luxury limousine service.
- Established an age of vehicle rule (12 model years or newer) for common and contract carriers with few exceptions.

Pilot program to allow medical exemptions from tiered rates

A pilot program allowing an exemption from residential tiered electric rates for low-income customers with proof of a qualifying medical condition or use of an essential life support device will be implemented by Xcel Energy this summer.

The short-term program will run from June 1 through Sept. 30 and will include a flat rate of 6.322 cents per kilowatt-hour (kWh) for all qualifying residential usage. Sign-up was required by May 1 and was open to customers who were eligible for the Low-income Energy Assistance Program (LEAP), and could provide documentation from

a licensed physician that the customer has a qualifying medical condition or requires the use of an essential life support device.

The Public Utilities Commission (PUC) earlier this year considered adopting rules creating a permanent medical exemption from tiered electric rate plans based on a customer's medical need. However, the PUC found it had insufficient information on which to base rules and suggested a pilot program to acquire additional information.

Xcel sent notices to all potential program participants who met the

LEAP income criterion and whose monthly summer use during 2011 exceeded \$20 kWh—the usage level at which the alternative rate benefits the customer. Those customers were given the opportunity to enroll in the medical exemption pilot program.

Costs for the program, including any lost electric revenues for the three months of the pilot, are to be recovered through the Electric Commodity Adjustment on all Xcel customer bills.

At the conclusion of the short-term pilot project, Xcel will file a report with the PUC, including the number of participants, their incomes, and elec-

tricity usage. That information will be used by the PUC to determine whether to proceed with permanent rules.

Xcel currently is the only Colorado electric utility with a tiered-rate plan in effect. The PUC approved a tiered-rate structure for Xcel in 2010 to more accurately reflect the actual costs of electric usage.

Tiered rates are designed to promote efficient use of energy during the months when demand for electricity is highest and help avoid the necessity of building costly power plants that may be used only a few weeks during the year.

Hearing August 1-2 on SmartGrid costs

An evidentiary hearing on Xcel Energy's application to recover the remainder of its costs for the SmartGridCity pilot project in Boulder has been rescheduled for August 1-2 at the Public Utilities Commission (PUC) in Denver.

The hearing, originally set for this spring, was pushed back due to a number of events that have occurred since the procedural schedule was established, including the resignation of Commissioner Matt Baker, who was to preside over the hearing. A PUC Administrative Law Judge will now hear the case.

The PUC last year capped recovery of the SmartGridCity investment at \$27.9 million, instead of granting the full \$44.5 million requested by Xcel. The Commission expressed concerns about the cost overruns of the project, and whether smart grid technologies would provide consumer and utility benefits on a going-forward basis.

If the company demonstrates in a future application that the SmartGridCity project has a coherent and a viable future, we may allow the company to recover the balance of the

investment disallowed in this case," the PUC stated in its decision.

Xcel filed its follow-up application last December, stating that it has now met the standard for full recovery of its capital investment, and it is seeking to include the amount previously held back.

SmartGridCity was the first-of-its-kind demonstration project, integrating "smart grid" technologies on a community-wide scale. Smart grid allows the timely and secure exchange of information between customers and the utility to promote energy management and conservation tools. It also helps utilities more quickly detect power outages as they happen, resulting in quicker restoration of service.

Xcel stated in its application that SmartGridCity is now fully installed and is an integral part of its distribution system in Boulder. The company states that the enhanced distribution already is improving the reliability of electric service in Boulder, and lessons learned from SmartGridCity are being used to determine cost-effective grid modernization strategies that can be applied elsewhere in its service territory.

Gas utilities pass on savings from lower commodity prices

Several natural gas utilities in Colorado recently implemented decreases in their natural gas commodity rates to reflect lower prices in the wholesale market.

Black Hills Energy (Colorado Gas) reduced rates by about 16 percent beginning March 1 for both residential and commercial customers. The lower rates apply to bills for Black Hills gas customers in 27 Colorado communities, including Castle Rock, Fountain, Laraspur, Monument, Woodland Park, Limon and Burlington.

Xcel Energy's rate changes, part of its quarterly gas cost adjustment, became effective on April 1, resulting in bill reductions of approximately 13-15 percent for residential and small business natural gas bills, compared to the second quarter of 2011.

Atmos Energy also filed an interim gas cost adjustment that went into effect May 1. Bill reductions for Atmos residential customers ranged from 5 to 11 percent, depending on the service territory, while bills for small commer-

cial customers dropped by 10 to 16 percent. Atmos serves about 110,000 customers in more than 60 communities in Colorado, including Greeley, Canon City, Durango, Gunnison, Crested Butte, Lamar, and Steamboat Springs.

The decreases resulted from a continuing decline in wholesale natural gas prices over the last few months. The Colorado Public Utilities Commissioner (PUC) reviewed and approved all three requests.

Gas cost adjustments are used by utilities to pass through to their customers market fluctuations in the wholesale price of natural gas. Wholesale prices were deregulated by the federal government in the 1980s.

The natural gas commodity makes up the largest portion of a customer's natural gas bill. Both increases and decreases in the cost of purchasing natural gas are passed on to customers on a dollar-for-dollar basis, with only minor exceptions.



B.14

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TRS

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B.15

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B.16

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Voice



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TTY



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Live Customer Service



B.17

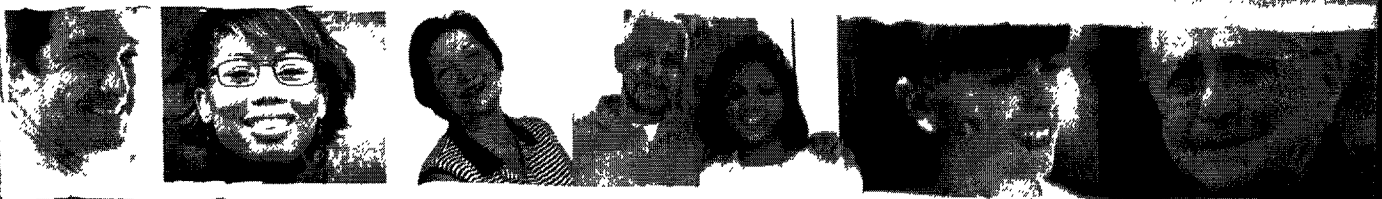
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B.18

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B.19

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B.20

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connected in the **PRESENT**,
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